



FROM THE OFFICE OF STATE TREASURER BRIAN K. KROLICKI

FOR IMMEDIATE RELEASE

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STATE TREASURER TO APPEAR TODAY BEFORE SENATE GOVERNMENT AFFAIRS COMMITTEE

**Will Discuss Recent Negative Events Related to Tobacco Master Settlement Agreement
and the Potential Impact on the Funding of Important Programs**

(Carson City, NV) – State Treasurer Brian K. Krolicki is scheduled to appear today before the Senate Government Affairs Committee which is to convene at 2:00 p.m. His testimony is expected to include information about the future funding stream for the Millennium Scholarship and other programs funded by the Tobacco Master Settlement Agreement (MSA).

Several weeks ago, in his last appearance before the Legislature, Treasurer Krolicki announced that there were likely available funds to fully provide for the Millennium Scholarship through the 2009-2010 school year. Securitizing the tobacco monies would have provided an estimated five additional years of funding, depending on usage and retention rates. Developments in the past two weeks, however, have caused those numbers to deteriorate, putting the funding of the program, and the prospects of securitization, in jeopardy.

Last week, Phillip Morris was ordered by an Illinois court to post a \$12 billion bond in response to a \$10 billion court verdict against the company. As a result of this court ruling, two factors now affect Nevada's future tobacco funds. First, Phillip Morris, which accounts for approximately 50% of the tobacco settlement funds, has stated it may be unable to make its annual payment by the April 15 due date, along with the potential for a declaration of bankruptcy. Nevada's share of this money amounts to almost \$16 million. Second, securitization attempts by California and Virginia were cancelled after the value of tobacco bonds dropped sharply in the days following the Illinois ruling, particularly after credit downgrades were assigned by two of the largest credit rating firms on Wall Street.

The emergence of these events has forced Treasurer Krolicki to revise his earlier forecast. The projected numbers Nevada is scheduled to receive under the MSA have been materially reduced and will significantly affect the status quo of the State's programs.

**Treasurer Krolicki will provide detailed information about this funding change
in his testimony before the Senate Government Affairs Committee.**

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